



Market and Trade Data

Dominican Republic Consumers Buying Into Health Foods

By Wagner A. Mendez

The market for imported natural, organic, and other health food products in the Dominican Republic — still a small niche segment at 4 percent of consumer-oriented products — has grown a big 30 percent per year over the past 5 years. This trend is expected to continue, as consumers become more affluent and health conscious, and look for alternatives to local produce grown with pesticides.

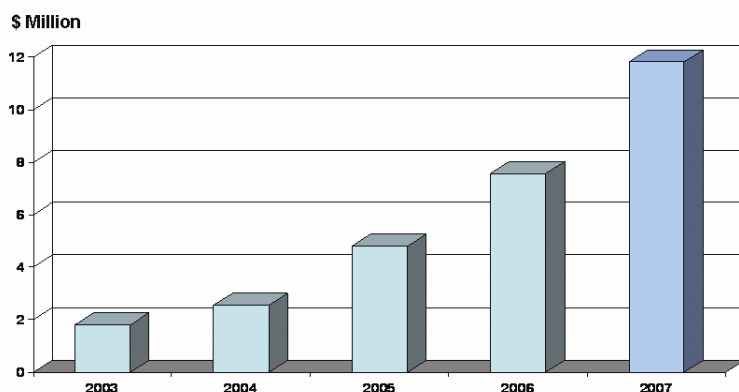
About 70 percent of these products, mostly processed, come from the United States, with total U.S. exports expected to reach \$12 million in 2007. U.S. products face some competition from European nations in processed snacks and China in beverages, but no import statistics are available for those countries.

Some locally produced organic fruits and vegetables are available in the Dominican marketplace, but most production is export oriented. Dominican producers have begun responding to international demand for organic bananas,

Costs To Weigh When Exporting to Dominican Republic

Freight	\$2,500-3,000 per 42,000-pound container
Insurance	1.5 percent of loaded value
Customs Commission	0.4 percent of landed value
Value-Added Tax	16 percent of landed value
Margin for Importer	25-40 percent
Margin for Retailer	25-35 percent

U.S. Organic, Natural, and Other Health Food Exports to Dominican Republic Expected To Reach \$12 Million in 2007



cocoa, coffee, mangoes, cane sugar, limes, and other horticultural products.

Market Access

Dominican food safety and import laws that apply to traditional foods also apply to natural, organic, and other health foods. U.S. labeling and food standards are accepted now in the Dominican Republic, but labels in Spanish will be enforced by the end of 2007.

Food imports easily enter the Dominican market, usually through a local small importer or distributor, but supermarkets are beginning to import directly. Price and product quality are both considered

important. Major supermarkets and specialty stores are becoming key sellers as they allocate more space for and promote these products. Some supermarkets are including a full range of natural, organic, and other health food products in their private labels.

Best Prospects

There are no specific tariff codes for natural, organic, or other health food products, which increases the difficulty of keeping track of exports. However, many products have considerable potential according to industry surveys. Best selling dried fruits, cereals, peanut butter, power bars, and salad dressings are expected to benefit immediately under the duty-free

Proximity, Quality Enhance U.S. Ability To Compete in Dominican Republic

Advantages	Challenges
<ul style="list-style-type: none"> U.S. products dominate market Companies are discovering great potential in market Consumers view U.S. products as being high quality Most distributors represent U.S. lines, or are U.S. franchises Dominicans living in the United States who retire back home will continue to use U.S. products 	<ul style="list-style-type: none"> Natural, organic, and other health food products cost more To increase consumption, companies need to invest in market research and promotion strategies Spain and China are becoming more competitive Some consumers consider natural and organic products nonessential

How Will CAFTA-DR Affect This Market?

With implementation beginning last March, CAFTA-DR (the Dominican Republic-Central America-United States Free Trade Agreement) is expected to accelerate economic growth in the Dominican Republic and increase U.S. agricultural exports. Though tariff-rate quotas will delay full benefits for some products until 2027, the agreement immediately began contributing to lowering prices an average 20 percent for many U.S. foods exported to the Dominican Republic.

Further details about specific agricultural products covered by CAFTA-DR are available at:

<http://www.fas.usda.gov/info/factsheets/CAFTA/overall021105a.html>

provisions of CAFTA-DR. Other good prospects with phased-out tariff reductions include chocolates, cookies and crackers, soups and broth, sweeteners and sugar substitutes, and sauces.

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